

City of Detroit

CITY COUNCIL

IRVIN CORLEY, JR.
FISCAL ANALYST
(313) 224-1076

FISCAL ANALYSIS DIVISION
Coleman A. Young Municipal Center
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Detroit, Michigan 48226
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ANNE MARIE LANGAN
ASSISTANT FISCAL ANALYST
(313) 224-1078

TO: COUNCIL MEMBERS

FROM: Irvin Corley, Jr., Director *ICJ*

DATE: April 24, 2007

RE: Status of Northwest Community Programs' Financial Information
and Administrative Review **(Departmental Report) Line Item 40
on Today's Calendar**

In November 2006, your Honorable Body received the following from the Administration regarding financial information associated with the Northwest Activities Center (NWAC):

1. Annual financial statement for Northwest Community Programs, Inc. as of June 30, 2001, with independent auditor's report.
2. Same, but as of June 30, 2002.
3. Same, but as of June 30, 2003.
4. Same, but as of June 30, 2004.
5. Same, but as of June 30, 2005.
6. Administrative Review Report dated May 2004 for the Northwest Community Programs, Inc.

The above financial information was referred to Fiscal Analysis for review. I then suggested that the Auditor General's Office also look at this information. Council also requested that the Auditor General's Office perform an audit of the NWAC and provide a report for the upcoming budget process starting today. As you know, the NWAC's budget hearing, as well as Recreation's, is scheduled for tomorrow at 2:30 pm and 3:00 pm, respectively.

I understand the Auditor General's Office is complete with its audit of the NWAC and is finalizing its report.

Council should note that I did receive on March 30th some additional financial and managerial information from the NWAC. A copy of the package is attached. The package included:

7. Annual financial statement for Northwest Community Programs, Inc. as of June 30, 2006, with independent auditor's report.

8. The June 30, 2006 Management Letter, with NWAC's response included.
9. The June 30, 2005 Management Letter, with NWAC's response included.
10. The June 30, 2004 Management Letter.
11. NWAC's response to the June 30, 2004 Management Letter.
12. The June 30, 2002 Management Letter.
13. NWAC's response to the June 30, 2002 Management Letter.
14. NWAC's response to the Administrative Review Report dated May 2004.

It should be noted the NWAC did not receive management letters for the period ending June 30, 2001 and June 30, 2003.

Chart I attached shows our initial review of the above documents. Based on this review, it appears the management team of the NWAC has made tremendous strides in correcting and addressing most of the issues brought forth by the management letters and administrative review. The current Executive Director, Mr. Ronald Lockett, was hired in November 2002. NWAC's CFO, Mr. David Green, was hired in October 2004.

I do plan to review the documents in more detail. If I find something noteworthy, I will inform your Honorable Body.

In addition, for Council's edification, I included Exhibit 9, which gives some recent budgetary information of the NWAC.

In regards to the question of whether or not the NWAC should remain a separate entity, based on feedback from Mr. Lockett and Ms. Loren Jackson, Recreation's Director, the NWAC would be in a better position to solicit private donations as a separate entity. In addition, the center could stand to lose the \$210,000 it receives from the United Way if it were to lose its autonomy from the City. Lastly, the Recreation's budget could be severely strained if it took on the NWAC while losing private donations.

Given the improvement the NWAC's management team has made in recent years to shore up its operations, it appears the NWAC is better position to continue operations as a separate entity.

I suggest, however, that Council raise this question during the Recreation and NWAC budget hearings tomorrow.

Attachments

cc: Council Divisions
Auditor General's Office
Roger Short, Chief Financial Officer
Charles Beckham, Chief Operating Officer
Loren Jackson, Recreation Director

Ronald Lockett, NWAC CEO
Pamela Scales, Budget Director
Kandia Milton, Mayor's Office

ICJ:\\CORLEYNWAC Financial Info Review Status.doc

Chart I

Management Letter Issues	2001-02	2002-03 Not Provided	2003-04	2004-05	Administrative Review (Dec. 04, 2005)	2005-06	Status Per 6/30/06
Cash Management	X						
Reporting Compliance – GASB No. 20	X						
Tax Exempt Status			X				
Petty Cash Controls			X				
In-Kind Contributions			X			X	
Outstanding Checks			X				
Bad Debts			X				
Accounts Rec. Aging			X				
Disaster Recovery Plan				X			Currently Done
Reconciliation – Tenant Security Deposit				X			Currently Done
Segregation of Duties				X		X	Currently Done
Outstanding Checks				X			
Membership Files – Automate				X			Scheduled for 2007
Property & Equipment – Capital vs Maintenance				X			Formal written policy in progress
Rent Receivable Aging						X	
Budgets							Currently Done
Check Signing							Currently Done
Board of Operations					X		Est. Strategic Plan and Revenue Enhancement Comm.
Executive Management					X		CEO Nov. 02 CFO Oct. 04 Stabilize Employees
Financial & Accounting Staff					X		See Above
Financial Info Acct System					X		Staff training, maintenance of system
Internal Financial Reporting Unstable					X		CFO has improved and documented policies & procedures
Budget Management Inadequate					X		Implemented Budget Practices
Estimate Current / Projected Deficit					X		See Above
Lack of Formal Pay Scales					X		Refer to Personnel Comm.
Lack of Segregation of Duties (Payroll)							Lack of staffing



**NORTHWEST
COMMUNITY
PROGRAMS, INC.**

18100 MEYERS, DETROIT, MICHIGAN 48235-1497 / (313) 578-7500

March 30, 2007

Irvin Corley, Jr., Fiscal Analyst
City Council Fiscal Analysis Division
218 Coleman A. Young Municipal Center
Detroit, Michigan 48226

Dear Mr. Corley:

Per your request, attached are the following documents:

- ❖ 2005/06 Audit; Exhibit 1
- ❖ 2005/06 Management Letter (Administration's response included in report); Exhibit 2
- ❖ 2004/05 Management Letter (Administration's response included in report); Exhibit 3
- ❖ 2003/04 Management Letter; Exhibit 4
- ❖ Administration's Response to 2003/04 Management Letter; Exhibit 5
- ❖ 2001/02 Management Letter; Exhibit 6
- ❖ Administration's Response to 2001/02 Management Letter; Exhibit 7
- ❖ NWCP, Inc.'s response to The Administrative Review Report prepared by Pierce, Monroe & Associates, LLC; Exhibit 8

Please note that the Agency did not receive management letters for fiscal years "2000 -01" and "2002 - 03".

If you have any questions please feel free to contact me at (313) 578-7541.

Sincerely,

Ronald R. Lockett
Executive Director/CEO

ATTACHMENTS

cc: Medina Noor, NWCP, Inc. - Board Chair
Nancy Capers, NWCP, Inc. - Board Treasurer
David M. Green, NWCP, Inc. - Chief Financial Officer
Charles Beckham, City of Detroit - Chief Operating Officer
Loren Jackson, City of Detroit - Director, Recreation Department
Roger Short, City of Detroit - Chief Financial Officer/Finance Director
Pamela Scales, City of Detroit - Budget Director
Kandia Milton, Mayor's Office Liaison to City Council

A TORCH DRIVE SUPPORTED AGENCY!



**NORTHWEST COMMUNITY PROGRAMS, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

NORTHWEST COMMUNITY PROGRAMS, INC.

FINANCIAL STATEMENTS

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 2006

(WITH COMPARATIVE TOTALS FOR 2005)

NORTHWEST COMMUNITY PROGRAMS, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(WITH COMPARATIVE TOTALS FOR 2005)

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**GREGORY
TERRELL
& COMPANY**

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Northwest Community Programs, Inc.

We have audited the accompanying statement of financial position of Northwest Community Programs, Inc. (a Michigan non-profit corporation) as of June 30, 2006, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Northwest Community Programs, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's June 30, 2005 financial statements and, in our report dated February 2, 2006, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northwest Community Programs, Inc. as of June 30, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



GREGORY TERRELL & COMPANY
Certified Public Accountants

November 29, 2006

NORTHWEST COMMUNITY PROGRAMS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2006
(WITH COMPARATIVE TOTALS FOR 2005)

ASSETS

	<u>2006</u>	<u>2005</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 27,956	\$ 57,645
Accounts Receivable, net	19,245	56,488
Grants Receivable	-	5,000
Total Current Assets	<u>\$ 47,201</u>	<u>\$ 119,133</u>
LONG TERM ASSETS		
Property and Equipment (Note 4)	<u>\$ 2,888,798</u>	<u>\$ 3,118,281</u>
Total Assets	<u>\$ 2,935,999</u>	<u>\$ 3,237,414</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	\$ 112,716	\$ 142,451
Accrued Liabilities	83,339	104,490
Note Payable	<u>56,393</u>	<u>50,243</u>
Total Current Liabilities	<u>\$ 252,448</u>	<u>\$ 297,184</u>
LONG-TERM LIABILITIES		
Notes Payable, less Current Portion (Note 5)	<u>\$ 70,283</u>	<u>\$ 130,482</u>
Total Liabilities	<u>\$ 322,731</u>	<u>\$ 427,666</u>
NET ASSETS		
Unrestricted	<u>\$ 2,613,268</u>	<u>\$ 2,809,748</u>
Total Net Assets	<u>\$ 2,613,268</u>	<u>\$ 2,809,748</u>
Total Liabilities and Net Assets	<u>\$ 2,935,999</u>	<u>\$ 3,237,414</u>

The accompanying notes are an integral part of this statement

NORTHWEST COMMUNITY PROGRAMS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006
(WITH COMPARATIVE TOTALS FOR 2005)

	<u>2006</u>	<u>2005</u>
PUBLIC SUPPORT & REVENUE		
Grants and Contracts	\$ 810,225	\$ 1,034,049
Facility Rentals	485,551	504,293
Membership Fees	129,382	294,842
Other Contributions and Revenue	174,782	121,575
In-Kind Contributions	<u>452,515</u>	<u>490,485</u>
Total Public Support and Revenue	<u>\$ 2,052,455</u>	<u>\$ 2,445,244</u>
EXPENSES		
Program Services	\$ 1,290,750	\$ 1,508,072
Fundraising	85,309	100,843
Management and General	<u>872,876</u>	<u>965,425</u>
Total Expenses	<u>\$ 2,248,935</u>	<u>\$ 2,574,340</u>
CHANGES IN NET ASSETS	<u>\$ (196,480)</u>	<u>\$ (129,096)</u>
NET ASSETS, Beginning of Year	<u>2,809,748</u>	<u>2,938,844</u>
NET ASSETS, End of Year	<u>\$ 2,613,268</u>	<u>\$ 2,809,748</u>

The accompanying notes are an integral part of this statement

NORTHWEST COMMUNITY PROGRAMS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2006
(WITH COMPARATIVE TOTALS FOR 2005)

	PROGRAM SERVICES				SUPPORTING SERVICES			
	Wellness / Fitness	Community Outreach	Youth Development	Total Program Services	Management and General	Fundraising	Total 2006	Total 2005
Salaries and Wages	\$ 215,707	\$ 145,666	\$ 220,438	\$ 581,811	\$ 582,002	\$ 57,575	\$ 1,221,388	\$ 1,325,354
Occupancy, Repairs and Maintenance	101,358	1,055	1,056	103,469	1,056	1,055	105,580	72,364
Insurance	47,917	20,409	15,972	84,298	4,437	-	88,735	165,351
Operating Supplies and Other	15,242	13,064	4,355	32,661	21,229	544	54,434	57,391
Contractual Services	4,297	3,684	921	8,902	4,758	1,688	15,348	145,254
Special Events	6,834	5,857	488	13,179	4,882	6,346	24,407	26,106
Interest	3,708	3,178	2,251	9,137	4,105	-	13,242	15,996
Miscellaneous	6,830	5,624	5,624	18,078	22,092	-	40,170	36,996
In-Kind Expenses	126,704	108,604	40,726	276,034	158,380	18,101	452,515	490,485
Subtotal	\$ 528,597	\$ 307,141	\$ 291,831	\$ 1,127,569	\$ 802,941	\$ 85,309	\$ 2,015,819	\$ 2,335,297
Depreciation	65,272	55,948	41,961	163,181	69,935	-	233,116	239,043
Total Expenses	<u>\$ 593,869</u>	<u>\$ 363,089</u>	<u>\$ 333,792</u>	<u>\$ 1,290,750</u>	<u>\$ 872,876</u>	<u>\$ 85,309</u>	<u>\$ 2,248,935</u>	<u>\$ 2,574,340</u>

The accompanying notes are an integral part of this statement

NORTHWEST COMMUNITY PROGRAMS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006
(WITH COMPARATIVE TOTALS FOR 2005)

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ (196,480)	\$ (129,096)
Adjustments to Reconcile Change in Net Assets to Cash (Used for) Provided by Operating Activities -		
Depreciation	233,116	239,043
Decrease (Increase) in Accounts Receivable	37,244	(36,722)
Increase in Grants Receivable	5,000	(5,000)
Decrease in Other Assets	-	11,796
Increase (Decrease) in Accounts Payable	(29,736)	16,071
Increase in Accrued Payroll and Other	(21,151)	(22,547)
	<u>27,993</u>	<u>73,545</u>
Net Cash Provided by Operating Activities	\$	\$
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Equipment	\$ (3,633)	\$ -
	<u>(3,633)</u>	<u>-</u>
Net Cash Used for Investing Activities	\$	\$
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Long-Term Debt	\$ (54,049)	\$ (52,239)
	<u>(54,049)</u>	<u>(52,239)</u>
Net Cash Provided by Financing Activities	\$	\$
Increase (Decrease) in Cash and Cash Equivalents	\$ (29,689)	\$ 21,306
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>57,645</u>	<u>36,339</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 27,956</u>	<u>\$ 57,645</u>

The accompanying notes are an integral part of this statement

NORTHWEST COMMUNITY PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

(1) **ORGANIZATION**

Northwest Community Programs, Inc. is a non-profit organization which provides recreational, cultural, and educational programs and activities to the Northwest Detroit Community.

(2) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The financial statements of Northwest Community Programs, Inc. have been prepared on the accrual basis of accounting.

Financial Statement Presentation

Northwest Community Programs, Inc. has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organization." The accompanying financial statements have been prepared to conform to the requirements of SFAS No. 117.

Recognition of Contributions

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 116, "Accounting for Contributions Received and Contributions Made," contributions received with no conditions are recorded as unrestricted, temporarily restricted, or permanently restricted revenue at the time the promise to give is obtained, depending on the existence and/or nature of any donor restrictions. Conditional pledges are not recorded as revenue until the conditions are substantially met, at which time the contributions become unconditional.

Cash and Cash Equivalents

Cash equivalents consist of short term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

NORTHWEST COMMUNITY PROGRAMS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

(Continued)

(2) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

Property and Equipment

Property and equipment are stated at cost or fair value at the date of acquisition. Depreciation is provided over the estimated useful lives of the assets on the straight-line basis, beginning on date of acquisition.

Expense Allocation

Northwest Community Programs, Inc. allocates its expenses on a functional basis to program services and supporting services. Expenses that can be identified with a specific program or supporting service are allocated directly according to their natural expenditure classifications. Other expenses that are common to several functions are allocated by various generally accepted bases as management deemed appropriate.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Actual results could differ from these estimates.

Income Tax Status

Northwest Community Programs, Inc. is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code.

In-Kind Contributions

In-Kind Contributions, including rent, utilities, other occupancy costs, and loaned or volunteer staffing, are reflected as contributions at their estimated fair values when received.

NORTHWEST COMMUNITY PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006
(Continued)

(3) PROPERTY AND EQUIPMENT

At June 30, 2006 property and equipment consisted of the following:

	Balance June 30, <u>2005</u>	<u>Additions</u>	<u>Retirements</u>	Balance June 30, <u>2006</u>
Leasehold Improvements	\$3,736,722	\$ 3,333	\$ -	\$3,740,055
Machinery and Equipment	255,012	-	-	255,012
Computers	31,920	300	-	32,220
	-----	-----	-----	-----
Total	\$4,023,652	\$ 3,633	\$ -	\$4,027,287
	-----	-----	-----	-----
Accumulated Depreciation	(905,373)	(233,116)	-	(1,138,489)
	-----	-----	-----	-----
Total, net	<u>\$3,118,281</u>	<u>\$(229,483)</u>	<u>\$ -</u>	<u>\$2,888,798</u>

(4) CONCENTRATION OF CREDIT RISK

Financial instruments, which are potentially subject to concentrations of credit risk, consist principally of cash and cash equivalents. Northwest Community Programs, Inc. has cash deposits with Comerica Bank. At June 30, 2006, the bank balances of Northwest Community Programs, Inc. cash deposits were \$33,176, which was covered by Federal depository insurance.

NORTHWEST COMMUNITY PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006
(Continued)

(5) **NOTES PAYABLE**

Notes payables outstanding at June 30, 2006 are as follows:

Term note dated October 8, 2003 of \$136,360 due in 60 monthly installments of \$2,661 through October 2008 with interest at 6.3%	\$ 68,972
Note payable dated April 15, 2002 of \$65,000 due in 84 monthly installments of \$971 with interest at prime plus 1.5%	27,319
Note payable dated September 12, 2002 of \$111,153 due in 84 monthly installments of \$1,912 with interest at 10.9%	<u>30,385</u>
Total Notes Payable	\$ <u>126,676</u>
Less: Current Portion	<u>56,393</u>
Total Long-Term Portion	\$ <u><u>70,283</u></u>

The future principal and interest obligations on notes payable as of June 30, 2006 are as follows:

<u>Year</u>	<u>Amount</u>
2007	\$ 64,908
2008	51,783
2009	<u>24,616</u>
Total Scheduled Payments	\$ 141,307
Less: Amounts Representing Interest	<u>(14,631)</u>
Total Notes Payable at June 30, 2006	\$ <u><u>126,676</u></u>

NORTHWEST COMMUNITY PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006
(Continued)

(6) **ON-GOING OPERATIONS**

As shown in the accompanying financial statements, Northwest Community Programs, Inc. incurred a decrease in net assets of \$196,480 during the fiscal year ended June 30, 2006. Also, as shown in the accompanying statement of financial position, current liabilities exceed current assets by approximately \$205,247 which indicates Northwest Community Programs, Inc., does not have adequate resources to meet its current liabilities as they become due. These factors create an uncertainty about Northwest Community Programs, Inc.'s ability to continue as a going concern. Management has developed a plan to reduce liabilities and minimize expenses. The ability of Northwest Community Programs, Inc. to continue as a going concern is dependent on the plan's success. The financial statements do not include any adjustments that might be necessary if Northwest Community Programs, Inc. is unable to continue as a going concern.

(7) **RELATED PARTIES**

The City of Detroit Recreational Department is Northwest Community Programs, Inc.'s primary related party. Significant support comes from the City of Detroit and is vital to Northwest Community Programs, Inc.'s existence. During the fiscal year ended June 30, 2006 Northwest Community Programs, Inc. received grant contributions from the City of Detroit, use of its facility for \$1 per annum, payment of utilities, and loaned staff for operational support. The estimated dollar value of these transactions has been included in the estimated in-kind contribution revenues and expenses shown in the accompanying financial statements.

NORTHWEST COMMUNITY PROGRAMS, INC.
MANAGEMENT LETTER
JUNE 30, 2006

NORTHWEST COMMUNITY PROGRAMS, INC.

MANAGEMENT LETTER

JUNE 30, 2006



**GREGORY
TERRELL
& COMPANY**

December 13, 2006

Board of Directors
Northwest Community Programs, Inc.

In planning and performing our audit of the financial statements of Northwest Community Programs, Inc. (hereafter "NCP") for the year ended June 30, 2006, we considered NCP's internal controls to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal controls.

However, during our audit we became aware of various matters that are opportunities for strengthening internal controls and operating efficiency. Our comments and suggestions regarding these matters are presented below.

SEPARATION OF DUTIES

During the course of the audit, we noted that NCP reduced staff in response to the decrease in the allocation received from the City of Detroit as well as other funding sources. As a result, the cashier's office has been reduced to one staff person, who also serves as the bookkeeper. Lack of separating the cash receipts function and the bookkeeping function increases the risk of theft and fraud.

We recommend that NCP separate the cashier function from the bookkeeping function. If this is impossible due to fiscal constraints, we recommend that NCP implement monitoring controls to mitigate the risk of theft. These controls would include:

- An individual separate from cash receipts perform the bank reconciliations
- An individual separate from cash receipts make journal entries

Management's Response

CFO will review monthly bank account reconciliations

CFO will review and enter all journal entries into MIP accounting system

RENT RECEIVABLE AGING

During the course of the audit, we noted two tenants with outstanding balances over 90 days of approximately \$15,000. Although one tenant paid the outstanding balance subsequent to yearend, we believe that enhanced credit monitoring would improve cash flows.

We recommend that NCP implement a credit monitoring policy and procedure that would prevent the aging of rent receivables beyond 30 days.

Management's Response

The Agency has been aggressive in the collection of rent receivables, which has significantly reduced this receivable balance. In addition, late fees are now charged for late rent payments.

IN-KIND CONTRIBUTIONS

During our audit, we noted that NCP has a lease with the City of Detroit for the use of the Center. The lease requires NCP to pay all center utility costs. The utility costs have been historically paid by the City of Detroit and treated by NCP as an in-kind contribution.

We recommend NCP amend the lease to reflect the City of Detroit obligation to pay the utility costs.

Management's Response

The current lease expires on June 30, 2008. Administration will make the recommendation to the Board at this time.

STATUS OF PRIOR YEAR RECOMMENDATIONS

RECOMMENDATION	STATUS
DISASTER RECOVERY PLAN	
NCP develop and immediately implement formal written procedures to recover critical information in case of a loss or interruption of the IT function. The procedures should include the team member responsibilities, periodic backup of data, and offsite storage of data.	Currently done
BUDGETS	
NCP develop annual budgets that are approved by the governing board for operating activities and programs, activities funded by restricted net assets, acquisitions of property or equipment, grants and fundraising. NCP should conduct periodic reviews and comparisons of budget versus actual and any significant differences should be investigated and reported to the governing board.	Currently done
RECONCILIATIONS	
We recommend that the Agency reconcile all asset and liability accounts on a monthly basis.	Currently done
SEPARATION OF DUTIES	
NCP establish procedures to separate the duties of authorization, record keeping, and check signing.	Currently done
CHECK SIGNING	
NCP governing board establish a dollar limit that would require a check to be signed by two responsible officials.	Currently done
OUTSTANDING CHECKS	
NCP periodically investigate checks that are outstanding for more than 90 days and, if appropriated, stop payments of the checks and make an entry to restore such items to cash.	Currently done
MEMBERSHIP FILES	
NCP automate membership data files and maintain a schedule of all members and membership cards issued. The schedule should also show, among other things, membership fees and any unpaid balance for individual members. The automated system could also be used to generate renewal notices, billing statements, and other mailers.	New system will be installed in 2007 which will capture membership information.

PROPERTY AND EQUIPMENT	
NCP establish a formal written capitalization policy to determine a dollar threshold amount below which items are expensed. The policy should also establish a depreciable life for capital items and a policy to compute the fair value of contributed property, equipment and collections.	In process

We appreciate the opportunity to serve NCP and for the cooperation extended to us during our audit.

Very truly yours,



GREGORY TERRELL & COMPANY
Certified Public Accountants

NORTHWEST COMMUNITY PROGRAMS, INC.
MANAGEMENT LETTER
JUNE 30, 2005



& company
Certified Public Accountants

NORTHWEST COMMUNITY PROGRAMS, INC.

MANAGEMENT LETTER

JUNE 30, 2005

February 2, 2006

Board of Directors
Northwest Community Programs, Inc.

In planning and performing our audit of the financial statements of Northwest Community Programs, Inc. (hereafter "NCP") for the year ended June 30, 2005, we considered NCP's internal controls to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal controls.

However, during our audit we became aware of various matters that are opportunities for strengthening internal controls and operating efficiency. Our comments and suggestions regarding these matters are presented below.

DISASTER RECOVERY PLAN

During our audit, we noted that NCP did not have a disaster recovery plan. We noted that data files are backed up to the main server, but no offsite storage is maintained.

We recommend that NCP develop and immediately implement formal written procedures to recover critical information in case of a loss or interruption of the IT function. The procedures should include the team member responsibilities, periodic backup of data, and offsite storage of data.

Management's Response

Data files are backed up nightly at 12:00 midnight. A safety deposit box will be opened at Comerica Bank for the sole purpose of storing back up data tapes on a weekly basis. A formal policy is currently being written.

Board of Directors
Northwest Community Programs, Inc.
February 2, 2006

RECONCILIATIONS

During our audit, we noted that NCP did not reconcile the tenant security deposit payable schedule to the general ledger or to the security deposit cash account.

We recommend that NCP conduct reconciliations of all significant asset and liability accounts to subsidiary records monthly.

Management's Response

Reconciliations are the responsibility of the accountant as part of monthly reconciliation procedures.

SEGREGATION OF DUTIES

During our audit, we noted the chief financial officer is responsible for maintaining the general ledger, accounts payable, check preparation, and the check signing functions.

We recommend that NCP establish procedures to separate the duties of authorization, record keeping, and check signing.

Management's Response

The Chief Financial Officer will authorize all check requests; the accountant will keep all check requests records; and the Board Treasurer will sign all checks with another authorized signer. The Chief Financial Officer will sign checks only in emergency cases and the Board Treasurer will be notified at such time.

OUTSTANDING CHECKS

During our audit, we noted outstanding checks on the bank reconciliations that dated back to the previous fiscal year.

We recommend that NCP periodically investigate checks that are outstanding for more than 90 days and, if appropriate, stop payment of the checks and make an entry to restore such items to cash.

Management's Response

All outstanding checks for more than 90 days will be voided from the system and will be investigated prior to being returned to cash.

MEMBERSHIP FILES

During our audit, we noted that membership data is not automated but maintained on manual card files. An index card is prepared for each new member. The payment of membership fees is posted to the cards. The cards are used to determine outstanding balances.

We recommend that NCP automate its membership data files and maintain a schedule of all members and membership cards issued. The schedule should also show, among other things, membership fees and any unpaid balance for individual members. The automated system could also be used to generate renewal notices, billing statements, and other mailers.

Management's Response

Administration will better utilize the data base contained within the Point of Sales (POS) system.

Board of Directors
Northwest Community Programs, Inc.
February 2, 2006

PROPERTY AND EQUIPMENT

During our audit, we noted that NCP does not have a written capitalization policy that permits the accounting department personnel to distinguish between capital items and repair and maintenance expenses.

We recommend that NCP establish a formal written capitalization policy to determine a dollar threshold amount below which items are expensed. The policy should also establish a depreciable life for capital items and a policy to compute the fair value of contributed property, equipment and collections.

Management's Response

A formal written capitalization policy including contributed property will be developed.

We appreciate the opportunity to serve NCP and for the cooperation extended to us during our audit.

Very truly yours,


GREGORY TERRELL & COMPANY
Certified Public Accountants

NORTHWEST COMMUNITY PROGRAMS, INC.

MANAGEMENT RECOMMENDATIONS
MEMORANDUM

FOR THE YEAR ENDED JUNE 30, 2004

June 24, 2005

To the Board of Directors of
Northwest Community Programs, Inc.:

As part of our audit of NORTHWEST COMMUNITY PROGRAMS, INC. (the "Agency") as of June 30 2004, and for the year then ended, we considered the Agency's internal control structure in determining the scope of our audit procedures for the purpose of rendering an opinion on the financial statements. While our purpose was not to provide assurances on the internal control structure, certain matters came to our attention that we want to report to you. These matters, along with our recommendations, are described in the accompanying memorandum.

This letter and the accompanying memorandum are intended solely for the information and use of Management and the Board of Directors.

We wish to express our appreciation for the courtesies and cooperation extended to our representatives during the course of their work. We would be pleased to discuss these recommendations in greater detail or otherwise assist in their implementation.

Very truly yours,

MANAGEMENT RECOMMENDATION MEMORANDUM

(DRAFT FOR DISCUSSION PURPOSES)

TAX EXEMPT STATUS

Though the Agency has clearly been deemed a tax exempt organization at the federal and state levels, there appears to be some confusion as to the applicable section of the Internal Revenue Code that qualifies the Agency as tax exempt. We recommend the Management move quickly to eliminate any such confusion by obtaining a new determination letter from the Internal Revenue Service (IRS). In our opinion, the preferred status would be that of a section 501 (c) (3) organization, which is consistent with the Agency's Articles of Incorporation. Furthermore, we recommend that staff or a hired consultant conduct the necessary research to obtain the original filing, and preparing the necessary filings to the federal government to update or complete your tax determination.

Management Response

MEMBERSHIP REFUNDS

During the course of the audit, we came to understand that it is the Agency's existing policy to provide Membership Fee Refunds upon request. Such requests for refunds may occur simply because the individual changes their mind about becoming a member. We recommend the Management consider revising this policy to provide for no refunds, with exception to cases where an advertised offering becomes unavailable (e.g., cancellation of a class). This change in policy would benefit the Agency's cash flows and we believe is generally consistent with market practices.

Management Response

PETTY CASH CONTROLS

During the audit we noted that current controls over the use of Petty Cash could be improved. Optimal controls in this area would include a limitation as to use of Petty Cash, and a periodic balancing and reconciliation of cash on hand. This latter control should be conducted by an independent person from those individuals responsible for disbursing, replenishing and accounting for the use of petty cash.

Management Response

MANAGEMENT RECOMMENDATION MEMORANDUM

(DRAFT FOR DISCUSSION PURPOSES)

IN-KIND CONTRIBUTIONS

As required by generally accepted accounting principles, the Agency should provide a mechanism to track, value and report estimated in-kind contributions that the Agency receives. An in-kind contribution can be defined as any valuable good or service provided to the Agency without charge. And had it not been for the in-kind contribution, the Agency would have had to pay for such good or service.

For example, the City of Detroit provides annually the use of the facility at below market lease terms. The annual market rent of the facility, less the amount paid to the City would represent an in-kind contribution. All such contributions would be reflected in the Agency's financial statements as a revenue, offset by an allocated expense to the Programs benefiting from the in-kind contribution.

Management Response

OUTSTANDING CHECKS

During the audit, we noted that the Agency has a number of old outstanding checks. As a result, Agency's cash balances may be misstated. We recommend that the Agency adopt a policy to void all checks not cashed within 90-days of issuance. Future Agency checks will need to be printed to state such policy (i.e., "Void After 90-days"). Such change in policy would assist in cleaning up the bank reconciliation process and return cash to the Agency's use.

Management Response

MANAGEMENT RECOMMENDATION MEMORANDUM

(DRAFT FOR DISCUSSION PURPOSES)

BAD DEBTS

During the audit we noted that the Agency incurred bad debt expense of approximately \$5,600 due primarily to personal and company checks received with non-sufficient funds to cover such checks. We recommend the Agency revise its policy to not accept personal checks. Payment for services would be acceptable only in cash, credit cards, money orders or certified checks. This is a common practice, that should not place too large of a burden on the Agency's customers, yet protect the Agency.

Management Response

ACCOUNTS RECEIVABLE AGINGS

During the audit, we noted that the Agency's accounts receivables are not being aged for the number of days past due. This finding generally applies only to Tenant Rents, though Membership Fees could be made applicable as well. The risk for not aging accounts receivable is that problems with cash collection may not be noted in a timely manner. We recommend that this feature in the Agency's accounting software be utilized, and Management should focus on this report monthly, and cause reminders of the outstanding billings to be sent. Additional charges should also be assessed for all late payments to cause timely payment and to cover the cost derived for collection efforts.



**NORTHWEST
COMMUNITY
PROGRAMS, INC.**

18100 MEYERS, DETROIT, MICHIGAN 48235-1497 / (313) 578-7500

Memo To: NWCP, Inc. Board of Directors
From: David M. Green, Chief Financial Officer
Re: Action Plan Report
Date: September 22, 2005

At the July 28, 2005 Board of Directors meeting, Administration was given the task to address the recommendations outlined in the Management Letter submitted by auditor Randy K. Lane. Administration submits the following:

- **Development of a comprehensive strategic plan to guide future operating decisions and fund raising efforts.**

Northwest Community Programs, Inc. with assistance from Pierce, Monroe & Associates, LLC, developed a long term strategic plan that addresses the core issues and action plans necessary to strengthen the organization's future. Those issues are:

1. Insufficient Funding and Ineffective Fundraising
2. Need to Improve Financial Management
3. Need to Improve Athletic Facilities

The Board has been provided a copy of the strategic plan.

- **Staffing and related cost reductions.**

Administration implemented a staff reduction plan in January 2004 with an expected cost savings of at least \$210,000 per year. A second reduction has been proposed for October 2005 with estimated cost savings of \$175,000 per year. In addition, other cost reductions in liability insurance and other areas have created a cost savings of at least \$100,000 per year.



- **Solicitation of unrestricted contributions from various sources, as well as other increased fundraising activities.**

Administration is in the process of creating a 501(c)(3) that can accept donations and contributions from sources who in turn will receive a tax benefit. The Board is aware of our efforts in this area.

- **Increased cash flow from Tenants use of facility spaces.**

Administration has increased the number of tenants by 3 and is committed to reclassifying space to add additional tenants. Administration is also committed to increasing the rental frequency of meeting spaces and has invested in new equipment in this effort to significantly increase our rental revenue stream.

- **Efforts to maintain or minimize reductions to current levels of funding from the City of Detroit and United Way Community Services.**

Administration with the support of the Board, continues to resist as much as possible, any reductions in financial support from the City of Detroit. While United Way funding is important in providing community programs through Northwest, the funding is restricted to programming only and is not a part of Northwest operational funding. We continue to adhere to United Way guidelines and provide programs that positively impact the community which hopefully will guide United Ways decision to provide future funding to Northwest.

While the above responses address the issues outlined in the management letter, Administration continues to address the core issues and action plans necessary to strengthen the organization's future.



Suite 1200
150 West Jefferson
Detroit, MI 48226-4429

Telephone 313 983 0200
Fax 313 983 0006
313 983 0007
313 983 0008

December 30, 2002

Board of Directors
Northwest Community Programs, Inc
Detroit, Michigan

Ladies and Gentlemen:

We have audited the financial statements of Northwest Community Programs, Inc, for the year ended June 30, 2002, and have issued our report thereon dated December 30, 2002. In planning and performing our audit of the financial statements of Northwest Community Programs, Inc, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We have not considered internal control since the date of our report.

However, we noted certain matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions are matters coming to our attention that, in our judgment, relate to significant deficiencies in the design or operation of internal control and could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Our consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions.

The reportable conditions noted during our audit, all of which have been discussed with the appropriate members of management, are summarized as follows:

Unapproved Expenditures

There were several transactions that were entered into without prior approval from the Board of Directors. Such transactions include but were not limited to, the purchase of a vehicle, and the payment of bonuses for employees at the Organization. In addition, there are no written directives identifying the nature and type of transactions that require Board approval. Management should require that a Board member approve all Director expenditures and contracts that legally obligate the Organization. Further, the Board should provide clear and





concise written directives to management as to the type and nature of transactions that require their approval.

The Organization should consider the elimination of the credit cards issued to the Director and other employees. The employee should pay expenditures from out of their pockets and the Organization should reimburse the employee after the submission of proper receipts and approval from management. Additionally, the Board should approve all expenditures in excess of a prescribed dollar amount.

Cash Management

Bank reconciliation's are not prepared timely. As a result of such untimely preparation, the auditors had numerous adjusting entries reconciling the cash accounts to the general ledger system. Management should have written procedures for preparation of reconciliations including assigned responsibility. The procedures should include a required review by an independent party each month for propriety. The Organization must train all employees in the details of preparing proper and timely bank reconciliations.

Although not considered to be reportable conditions, we also noted the following items during our audit which we would like to bring to your attention:

Reporting

The Organization should consider reporting its operations in accordance with Governmental Accounting Standard Board (GASB) Statement No.20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. The Organization utilizes Quick Books software, which does not accommodate the modified accrual basis of accounting rather full accrual. The Organization would report its operations similar to a for-profit business.

The Organization should maintain a listing of all capital assets purchased in excess of \$2,500. The listing should detail the description of the asset purchased, the acquisition date, the estimated useful life and the related accumulated depreciation. The listing should be updated for all purchases of assets. Such capital asset information is necessary to prepare the government-wide financial statements.

* * * * *



Page 3

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the company's organization gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

This report is intended solely for the information and use of the board of directors, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP



NORTHWEST COMMUNITY PROGRAMS, INC.

18100 MEYERS, DETROIT, MICHIGAN 48235-1497 / (313) 578-7500

April 28, 2003

Hurley Coleman
Chair, Board of Directors
Northwest Community Programs, Inc.
Detroit, Michigan 48235

Dear Mr. Coleman:

As you are aware, Northwest Community Programs, Inc. received a management letter from KPMG which included reportable conditions resulting from a recent audit. This missive is administrations response to the management letter and includes actions to address the reportable conditions.

This response was drafted in close consultation with Ricardo Kisner, Chief Accounting Officer for the City of Detroit and is as follows:

Unapproved Expenditures

The Organization acknowledges this finding and recommendation. We have secured the assistance of the City of Detroit Finance Department. Under the direction of the City's Chief Accounting Officer, Ricardo A. Kisner, CPA, a team of accountants was assembled as of Thursday, April 24, 2003 to develop written accounting policies and procedures. We also have immediately implemented the other recommendations of the Auditors as follows:

- Require Board member approval of all Director expenditures and contracts that legally obligate the organization.
- Developed concise written directives to management as to the type and nature of transactions that require their approval.
- Eliminate credit cards that were issued to the Director and other employees.

Cash Management

The positions in the finance department are currently under review. In addition, the Chief Financial Officer is on extended medical leave. In her absence, another individual is performing those duties. This individual possesses a Masters in Business Administration degree. Under his direction, all monthly bank reconciliations are current. As part of the new accounting policies and procedures that will be developed, the Board Treasurer, or



his designee, will be responsible for reviewing and approving monthly bank reconciliations within five days of receipt of bank statements.

We do not necessarily agree with the latest cash management recommendation of the auditors which states "The Organization must train all employees in the details of preparing proper and timely bank reconciliations. Because of the size of our Organization, we feel that only two to three employees in the Business Office need to be trained in preparing bank reconciliations. All agency employees should and would not need this training.

Reporting Accounting System

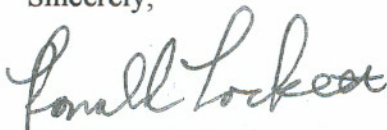
We do not understand this auditor's finding which in one sentence suggest that the Agency report on a "modified accrual basis of accounting rather than full accrual." The next sentence, however states "The Organization would report its operations similar to a for-profit business." A "for-profit business" does normally report on the accrual basis. In any event, the team from the City of Detroit Finance Department will assess the reporting capabilities of the Quick Books software, and make a recommendation, if necessary, for another accounting software application that may be more suitable for the organization's financial and operational reporting needs.

Capital Assets

The Organization concurs with this recommendation. However, the auditors must be mindful that the organization does not have ownership of the physical structure and building improvements. Ownership of the facility resides with the City of Detroit.

I believe that the actions included in this response will allow the agency to address the areas of concern and provide a framework for the continued improvement of the finance department. If you have any questions regarding this matter, please feel free to contact me at 313-578-7541.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ronald Lockett".

Ronald Lockett
Executive Director/CEO



**NORTHWEST
COMMUNITY
PROGRAMS, INC.**

18100 MEYERS, DETROIT, MICHIGAN 48235-1497 / (313) 578-7500

December 15, 2004

Jacqueline Jones
Vice President – Community Impact
United Way Community Services
1212 Griswold
Detroit, Michigan 48226-1899

Dear Ms. Jones:

Per your request please find attached a status report of the Administrative Review of Northwest Community Programs, Inc. by Pierce, Monroe & Associates. The Administrative Review was requested by the NWCP, Inc. Board of Directors to illuminate a path towards fiscal stability and solvency.

This document is a living instrument that drives NWCP, Inc. towards the future. In addition, we look forward to a round of serious discussions with the United Way Community Services Task Force in the very near future.

If you have any questions, please feel free to contact me at (313) 578-7540.

Sincerely,

Ronald R. Lockett
Executive Director/CEO

cc: Michael Brennan, President – United Way Community Services
Joan Gehrke, Walter Lowe, Co-Chairs – Admissions and Compliance Committee
Raymond Carey, Chair – Community Services Allocation Committee
Dara T. Munson, Director – Community Impact/Agency Relations
Hurley J. Coleman, Jr., Chair – NWCP, Inc. Board of Directors
Medina Noor, Vice-Chair – NWCP, Inc. Board of Directors



NORTHWEST COMMUNITY PROGRAMS, INC. ADMINISTRATIVE REVIEW ACTION PLAN

BOARD OPERATIONS

The Board of Directors of Northwest Community Programs (NWCP) has taken on a greater role in oversight of the financial affairs of NWCP. At the December 2, 2004 Board meeting, two committees (Strategic Plan Committee and Revenue Enhancement Committee) were convened.

Over the past six months, the Board has been working with Pierce, Monroe & Associates to develop a strategic plan for the organization. At the December 2, 2004 Board meeting, a draft of this plan was presented to the Board for review. It is anticipated the draft plan will be approved over the next two board meetings.

EXECUTIVE MANAGEMENT

There has been a concerted effort by the Board of Directors to quell the staff turnover among the executive ranks. The current Executive Director/CEO has held the position since November 2002, a period of over two years of stable leadership. As a consequence of budget reductions, the Deputy Director/COO position has been eliminated.

In October 2004, an Accounting Director/CFO was hired. Mr. David Green brings over 25 years of banking and finance experience with a strong accounting and management background to NWCP, Inc.

FINANCIAL AND ACCOUNTING STAFF

As previously mentioned CFO, David M. Green, was hired by the organization. In addition, he has an accounting clerk for daily processing and has hired an accounting temp to assist in completing the 2003/2004 financials. He has begun to develop daily accounting policies and procedures regarding cash management, receivables/payables, budgeting and reporting. This includes providing financial management of the United Way funds allocated to NWCP, for community programs. United Way funds are restricted and held in an account entitled "Special Purpose U/W", separate from NWCP, Inc.'s general funding.

FINANCIAL INFORMATION AND ACCOUNTING SYSTEM IS UNSTABLE

Mr. Green has developed a relationship with a Micro Information Products (MIP) consultant, Huckstep & Associates, LLC, to provide training to staff, maintenance of the MIP accounting system and consultation to resolve MIP related accounting issues. The consultants will be called as needed on an ongoing basis.

INTERNAL FINANCIAL REPORTING IS UNSTABLE

Mr. Green is currently addressing the lack of financial reports through implementation of the strategic plan.

- Develop procedures for daily cash receipts, anticipated completion 10/30/04.
- Review FY 03-04 financial transactions for accuracy, make appropriate correcting entries and post financials, anticipated completion 01/31/05.
- Generate statements and review for accuracy, anticipated completion 2/4/05.
- Confer with Pierce, Monroe & Associates on generated financials, anticipated completion 2/28/05.
- Release FY 03-04 financial information to KPMG, anticipated completion 3/31/05.
- Document accounting policies and procedures, anticipated completion 4/30/05.

By resolving this issue he will be in a position to generate accurate financial information including cash flow and debt levels.

BUDGET MANAGEMENT IS INADEQUATE

Mr. Green has begun to address the budget management issue starting at the Director level. He has provided budget development exercises to the Directors in November 2004. During December, Mr. Green will assist each Director in developing a realistic budget for the remaining six months of the current fiscal year. The budgets will be monitored on a monthly basis and each Director will be held accountable for not meeting budgetary goals.

AN ACCURATE ESTIMATE OF ANY CURRENT OR PROJECTED DEFICIT IS NOT AVAILABLE.

As indicated above, the implementation of the financial part of the strategic plan will allow Mr. Green to estimate accurate financial information. Information to date does indicate a deficit for FY 04-05. Over the last 3 years, NWCP, Inc. has experienced a decline in memberships and consequently decreased revenue from membership fees. NWCP, Inc. has implemented a deficit reduction plan for FY 03-04 and 04-05 resulting in reductions in the deficit for the respective fiscal years. However most notably for FY 04-05, is the penalty of reduced funding from United Way for programs, carried under the United Way banner and funded at the expense of NWCP, Inc. This lost funding has created a \$65,000 hole in the 04-05 budget and can only be reconciled by severely cutting NWCP, Inc.'s United Way program budget for the remaining 6 months.

HUMAN RESOURCES

The Administrative Review raised two specific Human Resources concerns:

- 1) Lack of formal pay scales

The proposed pay scales were developed as a result of a study of non-profit agencies within the tri-county area. The review was conducted by the Director of Human Resources based on NWCP classifications and similar positions. These Salary/Wage Guidelines were commensurate with the competitive market rates for non-profit agencies at the time of submission of the document.

The Personnel Committee of the Board is to schedule meeting(s) to review and submit a final proposal for approval.

2) Lack of Segregation of Duties

Due to current budget constraints, the agency is unable to hire a separate person to perform the duties related to payroll. Our goal is to review this recommendation again at the end of the FY 2004-05.

Exhibit 9

	6 Months 1/1/2005 6/30/2005 Budget	6 Months 1/1/2005 6/30/2005 Actual	7/1/2005 6/30/2006 Budget	7/1/2005 6/30/2006 Actual	DRAFT 7/1/2006 6/30/2007 Budget	YTD 7/1/2006 3/31/2007 Actual	Non Approved DRAFT 7/1/2007 6/30/2008 Budget
Income							
Health Club Memberships	114,082	129,807	228,370	132,216	230,000	85	210,000
Seasonal Day Camp			-	106,385	80,000	45,251	80,000
Catering							40,000
Rental	109,000	117,938	107,163	208,482	450,000	86,543	170,000
Lease	150,000	115,000	312,000	278,000	250,000	202,500	350,000
Business Office			60,000	19,947	21,500	948	15,500
C of D Allocation	400,000	400,000	550,000	540,000	220,000	220,000	220,000
Grants/Donations	31,500	72,747	31,500	57,425	15,000	23,000	500
United Way Allocation	105,000	105,102	210,204	210,204	210,204	157,653	210,204
Total Income	909,582	940,594	1,499,237	1,552,659	1,476,704	735,980	1,296,204
Expenses							
Payroll Expenses	635,624	636,965	917,494	1,220,888	1,133,000	475,136	853,000
Operating Expenses	62,850	49,762	272,607	74,467	144,000	53,303	84,000
Loan Repayment	36,720	39,366		75,042	84,000	43,252	72,000
Liability Insurance	41,460	46,448	165,000	88,734	80,000	39,399	80,000
Equipment Purchase	5,274	2,554		8,680	8,000	906	80,000
Marketing	1,750			7,000	5,000	2,350	10,000
Building Maintenance	9,250	30,000		12,000	15,000	1,000	50,000
Debt Payment	20,000	25,000		17,500		30,000	48,000
Total Expenses	812,928	830,095	1,355,101	1,504,311	1,469,000	645,346	1,277,000